

UNITED STATES BANKRUPTCY COURT  
FOR THE WESTERN DISTRICT OF PENNSYLVANIA

IN RE	:	BANKRUPTCY NO. 02-12107
	:	CHAPTER 7
RAN OIL COMPANY LLC d/b/a RAN OIL	:	
CO., INC, DEBTOR	:	
	:	
LONG LANE MASTER TRUST IV,	:	ADVERSARY NO. 04-1154
U.S. BANK NATIONAL	:	DOCUMENT NOS. 57 and 53
ASSOCIATION and GARY V. SKIBA,	:	
ESQ., TRUSTEE, Plaintiffs	:	
vs.	:	
SUN OIL COMPANY, Defendant	:	

**MEMORANDUM**

Before the Court are a MOTION FOR COMPROMISE AND SETTLEMENT and the TRUSTEE'S FURTHER AMENDED MOTION TO DISMISS ACTION FOR PREFERENTIAL TRANSFER.

Plaintiffs Long Lane Master Trust IV ("Long Lane") and U.S. Bank, N.A., ("U.S. Bank") have agreed to a settlement with Defendant Sun Oil Company ("Sun Oil"). Sun Oil will pay \$92,500 which will be divided between Long Lane and U.S. Bank. There is no distribution to the bankruptcy estate.

The Settlement Agreement contains broad release language which absolves Sun Oil from any further liability to the Plaintiffs for any cause of action, known or unknown. Sun Oil has indicated an unwillingness to move forward with the settlement without the signature of Gary Skiba, as Chapter 7 Trustee ("Trustee"). The Trustee is willing to give up any cause of action raised by the Complaint in this matter, but is unwilling to execute the Settlement Agreement which provides for the estate's release of any unknown cause of action against Sun Oil.

It is asserted that the Trustee orally agreed to the settlement on December 12, 2007 and that the Court should compel the Trustee to execute the Settlement Agreement. It is not

disputed, however, that the draft language of the Settlement Agreement was not submitted to the Trustee until later December 12, 2007, by fax. Upon seeing the language, the Trustee advised by telephone, on the same day, of his unwillingness to execute the document as drafted. The compromise is not valid until approved by the Court and the Court is unwilling to compel the Trustee to execute an agreement and to approve a compromise where the Trustee does not believe that such agreement is in the best interest of the estate.

It further appears that some small portion of the funds held by Sun Oil may be state sales taxes which were collected by the Debtor and may be held in trust for the Commonwealth. If so, it would seem appropriate that that portion of the settlement funds should rightfully be returned to the Trustee for distribution to the Commonwealth.

Accordingly, both the MOTION FOR COMPROMISE AND SETTLEMENT and the TRUSTEE'S AMENDED MOTION TO DISMISS ACTION FOR PREFERENTIAL TRANSFER will be DENIED. An appropriate Order will be entered.

Dated: January 10, 2008

/s/ Warren W. Bentz  
Warren W. Bentz  
United States Bankruptcy Judge

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**ORDER**

This 10th day of January, 2008, in accordance with the accompanying Memorandum, it shall be and hereby is ORDERED as follows:

1. The MOTION FOR COMPROMISE AND SETTLEMENT filed at Document No. 57 is DENIED.
2. The TRUSTEE'S FURTHER AMENDED MOTION TO DISMISS ACTION FOR PREFERENTIAL TRANSFER at Document No. 53 is DENIED.
3. If the parties are unable to reach an agreed settlement, a trial will be held on March 5, 2008, commencing at 9:00 a.m., in the U.S. Courthouse, Bankruptcy Courtroom, 17 South Park Row, Erie, PA. The whole day has been reserved on the Court's calendar. Parties shall provide, for the Court's use, two copies of any exhibits presented at the trial, one each for the Court and the law clerk.

/s/ Warren W. Bentz  
Warren W. Bentz  
United States Bankruptcy Judge

c: All creditors and parties of interest